

WARREN TOWNSHIP
MIDLAND COUNTY, MICHIGAN

FINANCIAL STATEMENTS
MARCH 31, 2006

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Warren Township	County Midland
Audit Date March 31, 2006	Opinion Date February 21, 2007	Date Accountant Report Submitted to State: March 2007	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☒ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

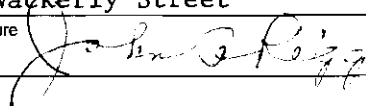
Certified Public Accountant (Firm Name) John A. Rigg, CPA			
Street Address 4012 W. Wackerly Street	City Midland	State MI	ZIP 48640
Accountant Signature 		Date	

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INDEPENDENT AUDITOR'S REPORT

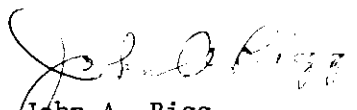
To the Honorable Members of the
Warren Township Board
Midland County, Michigan

I have audited the accompanying general purpose financial statements of Warren Township, Midland County, as of and for the year ended March 31, 2006, as listed in the table of contents. These general purpose financial statements are the responsibility of Warren Township, Midland County, management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements of Warren Township are not reasonably determinable.

In my opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Warren Township, State of Michigan, as of March 31, 2006, or the changes in its financial position or its cash flows for the year then ended.


John A. Rigg
Certified Public Accountant

Midland, Michigan
February 21, 2007

WARREN TOWNSHIP
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
MARCH 31, 2006

	<u>GOVERNMENTAL FUND TYPES</u>	
	<u>General</u>	<u>Special Revenue</u>
<u>ASSETS</u>		
Cash in bank - checking	\$ 14,169.79	\$ 8,457.09
Cash in bank - savings	135,273.35	112,174.89
Federal U. S. Treasury Trust	211,860.43	
Certificates of deposit	272,605.53	110,000.00
Accounts receivable	2,941.87	15,895.54
Property taxes and assessments receivable	4,542.86	12,875.84
Due from other funds	3,084.94	
Fixed assets		
<u>Total assets</u>	<u>\$644,478.77</u>	<u>\$259,403.36</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 379.03	\$ 13,441.36
Pension plan payable	5,333.10	
Due to other taxing entities	2,059.91	
Due to other funds	2,500.00	
Deposits	2,802.84	
<u>Total liabilities</u>	<u>\$ 13,074.88</u>	<u>\$ 13,441.36</u>
<u>FUND EQUITY</u>		
Investment in general fixed assets	\$	\$
Fund balance:		
Reserved for cemetery perpetual care		
Unreserved:		
Designated for road improvements	19,575.53	
Undesignated	611,828.36	245,962.00
<u>Total fund equity</u>	<u>\$631,403.89</u>	<u>\$245,962.00</u>
<u>Total liabilities and fund equity</u>	<u>\$644,478.77</u>	<u>\$259,403.36</u>

See accompanying notes to financial statements.

<u>FIDUCIARY FUND TYPE</u>	<u>ACCOUNT GROUP</u>	<u>TOTALS (Memorandum Only)</u>
<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>3-31-06</u>
\$ 1,428.07	\$	\$ 24,054.95
28,290.91		275,739.15
		211,860.43
		382,605.53
		18,837.41
		17,418.70
2,500.00		5,584.94
	145,335.67	145,335.67
<u>\$ 32,218.98</u>	<u>\$145,335.67</u>	<u>\$1,081,436.78</u>
\$	\$	\$ 13,820.39
		5,333.10
		2,059.91
3,084.94		5,584.94
		2,802.84
<u>\$ 3,084.94</u>	<u>\$</u>	<u>\$ 29,601.18</u>
\$	\$145,335.67	\$ 145,335.67
29,134.04		29,134.04
		19,575.53
		857,790.36
<u>\$ 29,134.04</u>	<u>\$145,335.67</u>	<u>\$1,051,835.60</u>
<u>\$ 32,218.98</u>	<u>\$145,335.67</u>	<u>\$1,081,436.78</u>

WARREN TOWNSHIP

Statement 2.

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED MARCH 31, 2006

	GOVERNMENTAL FUND TYPES		TOTALS (Memorandum Only)
	General	Special Revenue	3-31-06
<u>REVENUES</u>			
Taxes and assessments	\$ 47,363.65	\$ 96,950.00	\$ 144,313.65
Zoning and variances	225.00		225.00
State shared revenue	144,247.00		144,247.00
State road maintenance	3,025.06		3,025.06
Tax collection fees	16,405.97		16,405.97
Summer tax collection fee	3,180.00		3,180.00
Cemetery lot sales	3,700.00		3,700.00
Cemetery - grave openings and setting of markers	9,163.80		9,163.80
Interest earned	20,275.09	3,879.29	24,154.38
Rental of facilities	830.00		830.00
Miscellaneous	72.29		72.29
City of Coleman - street lighting	486.05		486.05
Coleman Public Schools - street lighting/refuse service	283.02	12,133.43	12,416.45
Prior year tax adjustments	323.82		323.82
<u>Total revenues</u>	<u>\$249,580.75</u>	<u>\$112,962.72</u>	<u>\$ 362,543.47</u>
<u>EXPENDITURES</u>			
General government	\$113,767.60	\$	\$ 113,767.60
Public safety	56,612.61		56,612.61
Highways and streets	208,403.65		208,403.65
Sanitation		111,014.92	111,014.92
Culture and recreation	3,500.00		3,500.00
<u>Total expenditures</u>	<u>\$382,283.86</u>	<u>\$111,014.92</u>	<u>\$ 493,298.78</u>
<u>Excess (deficiency) of revenues over expenditures</u>	<u>\$(132,703.11)</u>	<u>\$ 1,947.80</u>	<u>\$ (130,755.31)</u>
<u>OTHER SOURCES (USES) OF FUNDS</u>			
Transfer from perpetual care	108.77		108.77
<u>Excess (deficiency) of revenues and other sources over expenditures and other uses</u>	<u>\$(132,594.34)</u>	<u>\$ 1,947.80</u>	<u>\$ (130,646.54)</u>
<u>FUND BALANCE - beginning</u>	<u>763,998.23</u>	<u>244,014.20</u>	<u>1,008,012.43</u>
<u>FUND BALANCE - ending</u>	<u>\$631,403.89</u>	<u>\$245,962.00</u>	<u>\$ 877,365.89</u>

See accompanying notes to financial statements.

WARREN TOWNSHIP
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED MARCH 31, 2006

	GENERAL FUND		
	Budget	Actual	Variance - Favorable (Unfavorable)
<u>REVENUES</u>			
Taxes and assessments	\$ 46,500.00	\$ 47,363.65	\$ 863.65
Zoning and variances	400.00	225.00	(175.00)
State shared revenue	164,000.00	144,247.00	(19,753.00)
State road maintenance		3,025.06	3,025.06
Tax collection fees	17,500.00	16,405.97	(1,094.03)
Summer tax collection fees	3,200.00	3,180.00	(20.00)
Cemetery lot sales	5,000.00	3,700.00	(1,300.00)
Cemetery - grave openings and setting of markers	16,000.00	9,163.80	(6,836.20)
Interest earned	18,500.00	20,275.09	1,775.09
Rental of facilities	1,100.00	830.00	(270.00)
Miscellaneous		72.29	72.29
City of Coleman - street lighting	360.00	486.05	126.05
Coleman Public Schools - street lighting/refuse service	275.00	283.02	8.02
Election reimbursement	500.00		(500.00)
Prior year tax adjustments		323.82	323.82
<u>Total revenues</u>	<u>\$ 273,335.00</u>	<u>\$ 249,580.75</u>	<u>\$ (23,754.25)</u>
<u>EXPENDITURES</u>			
General government	\$ 157,805.00	\$ 113,767.60	\$ 44,037.40
Public safety	57,400.00	56,612.61	787.39
Highways and streets	159,000.00	208,403.65	(49,403.65)
Sanitation	1,100.00		1,100.00
Culture and recreation		3,500.00	(3,500.00)
<u>Total expenditures</u>	<u>\$ 375,305.00</u>	<u>\$ 382,283.86</u>	<u>\$ (6,978.86)</u>
<u>Excess (deficiency) of revenues over expenditures</u>	<u>\$ (101,970.00)</u>	<u>\$ (132,703.11)</u>	<u>\$ (30,733.11)</u>
<u>OTHER SOURCES (USES)</u>			
Transfer from perpetual care		108.77	108.77
<u>Excess (deficiency) of revenues and other sources over expendi- tures and other uses</u>	<u>\$ (101,970.00)</u>	<u>\$ (132,594.34)</u>	<u>\$ (30,624.34)</u>
<u>FUND BALANCE - beginning</u>	<u>763,998.23</u>	<u>763,998.23</u>	<u>-0-</u>
<u>FUND BALANCE - ending</u>	<u>\$ 662,028.23</u>	<u>\$ 631,403.89</u>	<u>\$ (30,624.34)</u>

See accompanying notes to financial statements.

SPECIAL REVENUE FUND		
Budget	Actual	Variance - Favorable (Unfavorable)
\$	\$ 96,950.00	\$ 96,950.00
	3,879.29	3,879.29
	12,133.43	12,133.43
<u>\$</u>	<u>\$ 112,962.72</u>	<u>\$ 112,962.72</u>
\$	\$	\$
	111,014.92	(111,014.92)
<u>\$</u>	<u>\$ 111,014.92</u>	<u>\$ (111,014.92)</u>
\$	\$ 1,947.80	\$ 1,947.80
\$	\$ 1,947.80	\$ 1,947.80
244,014.20	244,014.20	
<u>\$ 244,014.20</u>	<u>\$ 245,962.00</u>	<u>\$ 1,947.80</u>

WARREN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Warren Township conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

A. Description of Reporting Entity

Warren Township was organized in February, 1872, and covers an area of 36 square miles with the township's seat located within the boundaries of the township. The township operates under the directorship of a township board consisting of five members. The township provides the following services: public safety, highways and streets, sanitation, public improvements and general administrative services.

B. Fund Accounting

The accounts of Warren Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into fund types and fund categories as follows:

Governmental Funds

General Fund - The general fund is the general operating fund of the township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - A special revenue fund is used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Fiduciary Funds

Trust and Agency Funds - Trust and agency funds are used to account for assets held by the township in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. Agency funds are custodial in nature and do not involve measurements of results of operations.

C. Fixed Assets

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined on a basis of reporting only the current assets on the balance sheet.

WARREN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

Fixed assets used in governmental fund type operations are accounted for in the general fixed assets account group, rather than in governmental funds. No depreciation has been provided on general fixed assets.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

All governmental and fiduciary funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become both measurable and available to finance expenditures of the fiscal period.

Expenditures are generally recognized when the related liability is incurred.

E. Budgets and Budgetary Accounting

Budgets for the general fund and special revenue funds are adopted annually on a basis consistent with generally accepted accounting principles. All budgets are adopted on a departmental (activity) basis.

F. Cash and Interest Bearing Deposits and Investments

Deposits are carried at cost. Deposits are in several banks in the name of Warren Township. Michigan Compiled Laws, Section 129.91, authorizes the local unit to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The local unit's deposits are in accordance with statutory authority.

The governmental Accounting Standards Board (GASB) Statement No. 3 risk disclosure for deposits at year end are as follows:

<u>Deposits</u>	<u>Carrying Amount</u>	<u>Bank Balances</u>
Insured	\$582,605.53	\$582,605.53
Uninsured	<u>311,654.52</u>	<u>325,790.20</u>
	<u>\$894,260.05</u>	<u>\$908,395.73</u>

The township does not have any investments which require disclosure of categories of risk in accordance with GASB Statement 3.

WARREN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

G. Vacation, Sick Leave and Deferred Compensation

The township does not provide vacation or sick leave benefits to its employees, nor does it have a deferred compensation plan.

H. Other Significant Data

1. Property taxes attach as an enforceable lien on the property as of December 1. Taxes are levied on December 1 and payable through February 28, at which time they are returned delinquent to the Midland County Treasurer. The full 2005 levy of the township's property tax is recognized as revenue of the current period. The uncollected property taxes as of March 31, 2006, are recognized as a receivable. The township bills and collects its own property taxes and also taxes for other governmental units. Collection of taxes and remittance of same are accounted for in the tax agency fund. Property taxes levied included .94 mill for general operations and .9614 mill for library services. A flat rate of \$100 is assessed all users for garbage disposal. The 2005 state equalized value and taxable value of property located in the township totaled \$59,176,010 and \$46,570,280, respectively. The delinquent real property taxes of Warren Township are purchased by the County of Midland. The taxes have been recorded as revenue for the current year.
2. A summary of changes in general fixed assets follows:

	Balance 3-31-05	<u>Additions</u>	<u>Deductions</u>	Balance 3-31-06
Land and land improvements	\$ 72,506.04	\$	\$	\$ 72,506.04
Building	12,579.00			12,579.00
Building improvements	13,583.76			13,583.76
Equipment	46,666.87			46,666.87
	<u>\$145,335.67</u>	<u>\$</u>	<u>\$</u>	<u>\$145,335.67</u>

3. Memorandum totals are presented on Statements 1. and 2. These totals are not a required part of the statements and are presented for comparison purposes.
4. Special revenue funds - combining statement.
The township has only one special revenue fund type, the solid waste fund. Accordingly, no combining financial statements are presented for this fund type.
5. Excess of expenditures over appropriations in budgetary funds.
P.A. 621 of 1978, section 18(1), as amended, provides that a local unit shall not expend funds in excess of those appropriated. During the year ended March 31, 2006, no fund made expenditures in excess of amounts appropriated.

WARREN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

6. Other required individual fund disclosures.

Generally accepted accounting principles require disclosure, as part of the combined statements, of certain information concerning individual funds including:

- a. Summary disclosures of changes in general fixed assets by major class. See Note H.2. for this information.
- b. Excess of expenditures over revenues in individual funds. During the year ended March 31, 2006, the general fund had expenditures in excess of revenues.
- c. Deficit fund balances of individual funds. No fund was in a deficit position at March 31, 2006.
- d. Individual fund interfund receivable and payable balances.

	<u>Receivable</u>	<u>Payable</u>
General fund	\$ 3,084.94	\$ 2,500.00
Tax agency fund		3,084.94
Perpetual care fund	<u>2,500.00</u>	
	<u>\$ 5,584.94</u>	<u>\$ 5,584.94</u>

7. The totals column on the combined statements is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation, because interfund eliminations have not been made in the aggregation of this data.
8. The township provides pension benefits to all its salaried township officials through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus interest earnings. As established by board resolution, the township contributes a set amount for each employee for various ranges of gross earnings. However, in no event does the township contribute less than 7.5% of each employee's gross earnings. Employees have a mandatory contribution of 7.5% of the employee wages and can voluntarily contribute an additional amount not to exceed 10% of their gross earnings. In accordance with these requirements, the township contributed \$2,990.25 during the current year and employees contributed \$3,790.25.

I. Risk Financing and Related Insurance Issues

The categories of risk of loss to which the township is exposed and for which it has purchased insurance are as follows: property damage, liability, accident workers compensation and theft. There have been no significant reductions in insurance coverage as compared to the previous year.

WARREN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

J. Jointly Governed Organizations

1. Area Fire Department - Geneva Township, Warren Township, Denver Township, Wise Township and the City of Coleman participate jointly in the operation of the Coleman Area Fire Department. The fire department is audited as a separate governmental unit. The financial records are kept by the Coleman Area Fire Department secretary who can be contacted at P. O. Box 366, Coleman, MI 48618. The funding formula approved by the members is based on population, assessed valuation and the number of residences. A breakdown of members' percentages of the net operating budget for the fiscal year of July 1, 2005, through June 30, 2006, is as follows:

Geneva Township	22.279%
Warren Township	45.595%
Denver Township	4.650%
Wise Township	11.833%
City of Coleman	<u>15.643%</u>
	<u>100.000%</u>

Warren Township's appropriation for the year ended 3-31-06 was \$55,265.88.

2. Library - Geneva Township, Warren Township and the City of Coleman participate jointly in the Coleman Area Library. The library is audited as a separate governmental unit. The financial records of the library are kept at the library at 111 First St., Box 515, Coleman, MI 48618. The funding of the library comes from the State of Michigan, penal fines and millage assessments of the local unit members. A breakdown of the members' contributions based on the 2005 levy is as follows:

Geneva Township	\$22,023.17
Warren Township	48,441.68
City of Coleman	15,269.24

Warren Township assessed its residents .9614 mill for the operation of the library which amounted to \$48,441.68.

SUPPLEMENTARY INFORMATION

WARREN TOWNSHIP
COMBINING BALANCE SHEET - ALL TRUST AND AGENCY FUNDS
MARCH 31, 2006

Statement 4.

	Perpetual Care Fund	Tax Agency Fund	TOTALS (Memorandum Only) 3-31-06
<u>ASSETS</u>			
Cash in bank - checking	\$	\$ 1,428.07	\$ 1,428.07
Cash in bank - money fund	26,634.04	1,656.87	28,290.91
Due from general fund	2,500.00		2,500.00
<u>Total assets</u>	<u>\$ 29,134.04</u>	<u>\$ 3,084.94</u>	<u>\$ 32,218.98</u>
<u>LIABILITIES</u>			
Due other taxing entities	\$	\$ 3,084.94	\$ 3,084.94
<u>Total liabilities</u>	<u>\$</u>	<u>\$ 3,084.94</u>	<u>\$ 3,084.94</u>
<u>FUND EQUITY</u>			
Fund balance reserved for cemetery perpetual care	\$ 29,134.04	\$ -0-	\$ 29,134.04
<u>Total fund equity</u>	<u>\$ 29,134.04</u>	<u>\$ -0-</u>	<u>\$ 29,134.04</u>
<u>Total liabilities and fund equity</u>	<u>\$ 29,134.04</u>	<u>\$ 3,084.94</u>	<u>\$ 32,218.98</u>

See accompanying notes to financial statements.

WARREN TOWNSHIP

Statement 5.

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

TAX AGENCY FUND

FOR THE YEAR ENDED MARCH 31, 2006

	Balance 4-1-05	Additions	Deductions	Balance 3-31-06
<u>ASSETS</u>				
Cash in bank	<u>\$ 601.42</u>	<u>\$1,651,601.76</u>	<u>\$1,649,118.24</u>	<u>\$ 3,084.94</u>
<u>LIABILITIES</u>				
Due to general fund	\$ 601.42	\$ 66,748.43	\$ 64,264.91	\$ 3,084.94
Due to solid waste fund	-0-	100,106.74	100,106.74	-0-
Due to Coleman Library	-0-	48,744.29	48,744.29	-0-
Due to Delta College	-0-	95,354.05	95,354.05	-0-
Due to Midland County	-0-	691,168.03	691,168.03	-0-
Due to Coleman Community Schools	-0-	453,272.67	453,272.67	-0-
Due to Midland County Educational Service Agency	-0-	6.57	6.57	-0-
Due State of Michigan	-0-	193,107.91	193,107.91	-0-
Due Harsh Drive	-0-	420.00	420.00	-0-
Due Brandy Lane	-0-	250.00	250.00	-0-
Overpayments	-0-	2,423.07	2,423.07	-0-
<u>Total liabilities</u>	<u>\$ 601.42</u>	<u>\$1,651,601.76</u>	<u>\$1,649,118.24</u>	<u>\$ 3,084.94</u>

See accompanying notes to financial statements.

WARREN TOWNSHIP

Statement 6.

TRUST AND AGENCY FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Perpetual Care Fund</u>
<u>REVENUES</u>	
Contributions	\$ 925.00
Interest earned	<u>108.25</u>
<u>Total revenues</u>	<u>\$ 1,033.25</u>
<u>EXPENDITURES</u>	<u>\$ -0-</u>
<u>Excess of revenues over expenditures</u>	\$ 1,033.25
<u>OTHER FINANCING SOURCES (USES)</u>	
Transfer to general fund	<u>108.77</u>
<u>Excess of revenues and other sources over expenditures and other uses</u>	\$ 924.48
<u>FUND BALANCE</u> - beginning	<u>28,209.56</u>
<u>FUND BALANCE</u> - ending	<u>\$ 29,134.04</u>

See accompanying notes to financial statements.

WARREN TOWNSHIP

Statement 7.

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006

	Budget	Actual	Variance - Favorable (Unfavorable)
<u>REVENUES</u>			
Taxes and assessments	\$ 46,500.00	\$ 47,363.65	\$ 863.65
Zoning and variances	400.00	225.00	(175.00)
State shared revenue	164,000.00	144,247.00	(19,753.00)
State road maintenance		3,025.06	3,025.06
Tax collection fees	17,500.00	16,405.97	(1,094.03)
Summer tax collection fees	3,200.00	3,180.00	(20.00)
Cemetery lot sales, grave openings, setting of markers	21,000.00	12,863.80	(8,136.20)
Interest earned	18,500.00	20,275.09	1,775.09
Rental of facilities	1,100.00	830.00	(270.00)
Miscellaneous		72.29	72.29
City of Coleman - street lighting	360.00	486.05	126.05
Coleman Public Schools - street lighting	275.00	283.02	8.02
Election reimbursement	500.00		(500.00)
Prior year tax adjustments		323.82	323.82
<u>Total revenues</u>	<u>\$273,335.00</u>	<u>\$249,580.75</u>	<u>\$(23,754.25)</u>
<u>EXPENDITURES</u>			
Township board	\$ 26,720.00	\$ 19,593.53	\$ 7,126.47
Supervisor	11,900.00	9,294.72	2,605.28
Elections	2,000.00	-0-	2,000.00
Clerk	17,575.00	10,925.50	6,649.50
Board of review	1,930.00	1,480.00	450.00
Treasurer	24,200.00	15,666.45	8,533.55
Assessor	12,100.00	12,059.50	40.50
Township hall	13,180.00	2,616.48	10,563.52
Cemetery	45,000.00	40,902.88	4,097.12
Legal		182.74	(182.74)
Fire protection	56,000.00	55,265.88	734.12
Planning commission	3,200.00	1,045.80	2,154.20
Street lighting	1,400.00	1,346.73	53.27
Road maintenance	159,000.00	208,403.65	(49,403.65)
Sanitary landfill	1,100.00		1,100.00
Culture and recreation		3,500.00	(3,500.00)
<u>Total expenditures</u>	<u>\$375,305.00</u>	<u>\$382,283.86</u>	<u>\$ (6,978.86)</u>
<u>Excess (deficiency) of revenues over expenditures</u>	<u>\$(101,970.00)</u>	<u>\$(132,703.11)</u>	<u>\$(30,733.11)</u>
<u>OTHER SOURCES (USES) OF FUNDS</u>			
Transfer from perpetual care		108.77	108.77
<u>Excess (deficiency) of revenues and other sources over expenditures and other uses</u>	<u>\$(101,970.00)</u>	<u>\$(132,594.34)</u>	<u>\$(30,624.34)</u>
<u>FUND BALANCE - beginning</u>	<u>763,998.23</u>	<u>763,998.23</u>	
<u>FUND BALANCE - ending</u>	<u>\$662,028.23</u>	<u>\$631,403.89</u>	<u>\$(30,624.34)</u>

See accompanying notes to financial statements.

WARREN TOWNSHIP
GENERAL FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2006

Schedule 1.

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>TOWNSHIP BOARD</u>			
Salaries and wages	\$	\$ 4,120.00	\$
Salary - constable		300.00	
Per diem		450.00	
Education and training		144.30	
Insurance and bonds		6,382.60	
Printing and publishing		146.56	
Dues		1,020.64	
Payroll taxes		915.84	
Retirement		2,990.25	
Miscellaneous		287.20	
Drain-at-large		2,416.14	
Promotion		420.00	
<u>Totals</u>	<u>\$ 26,720.00</u>	<u>\$ 19,593.53</u>	<u>\$ 7,126.47</u>
<u>SUPERVISOR</u>			
Salary	\$	\$ 6,750.00	\$
Per diem		250.00	
Office supplies		891.42	
Postage		83.43	
Telephone		10.41	
Mileage		131.16	
Education and training		99.30	
Equipment		1,079.00	
<u>Totals</u>	<u>\$ 11,900.00</u>	<u>\$ 9,294.72</u>	<u>\$ 2,605.28</u>
<u>ELECTIONS</u>	<u>\$ 2,000.00</u>	<u>\$ -0-</u>	<u>\$ 2,000.00</u>
<u>CLERK</u>			
Salary	\$	\$ 8,500.00	\$
Per diem		425.00	
Salary - deputy		690.00	
Office supplies		694.51	
Postage		54.04	
Mileage		352.65	
Education and training		209.30	
<u>Totals</u>	<u>\$ 17,575.00</u>	<u>\$ 10,925.50</u>	<u>\$ 6,649.50</u>
<u>BOARD OF REVIEW</u>			
Salaries and wages	\$	\$ 1,400.00	\$
Publishing and printing		80.00	
<u>Totals</u>	<u>\$ 1,930.00</u>	<u>\$ 1,480.00</u>	<u>\$ 450.00</u>

WARREN TOWNSHIP
GENERAL FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2006

Schedule 1.
(Continued)

	Budget	Actual	Variance - Favorable (Unfavorable)
<u>TREASURER</u>			
Salary	\$	\$ 10,000.00	\$
Per diem		375.00	
Salary - deputy		720.00	
Supplies		2,009.91	
Postage		1,423.06	
Mileage		445.23	
Education and training		693.25	
<u>Totals</u>	<u>\$ 24,200.00</u>	<u>\$ 15,666.45</u>	<u>\$ 8,533.55</u>
<u>ASSESSOR</u>			
Salary	\$	\$ 10,500.00	
Software and maintenance		1,559.50	
<u>Totals</u>	<u>\$ 12,100.00</u>	<u>\$ 12,059.50</u>	<u>\$ 40.50</u>
<u>TOWNSHIP HALL</u>			
Fuel and utilities	\$	\$ 1,686.62	
Telephone - hall		417.72	
Telephone - office		427.14	
Repair and maintenance		85.00	
<u>Totals</u>	<u>\$ 13,180.00</u>	<u>\$ 2,616.48</u>	<u>\$ 10,563.52</u>
<u>CEMETERY</u>			
Contract service	\$	\$ 40,000.00	\$
Veterans flags		192.41	
Supplies		338.90	
Printing and publishing		80.68	
Utilities		161.93	
Repair and maintenance		128.96	
<u>Totals</u>	<u>\$ 45,000.00</u>	<u>\$ 40,902.88</u>	<u>\$ 4,097.12</u>
<u>LEGAL</u>	<u>\$</u>	<u>\$ 182.74</u>	<u>\$ (182.74)</u>
<u>FIRE PROTECTION</u>			
Contracted services	<u>\$ 56,000.00</u>	<u>\$ 55,265.88</u>	<u>\$ 734.12</u>
<u>PLANNING COMMISSION</u>			
Salaries and wages	\$	\$ 1,000.00	\$
Supplies		15.16	
Printing and publishing		30.64	
<u>Totals</u>	<u>\$ 3,200.00</u>	<u>\$ 1,045.80</u>	<u>\$ 2,154.20</u>

WARREN TOWNSHIP
GENERAL FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2006

Schedule 1.
(Continued)

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>STREET LIGHTING</u>	<u>\$ 1,400.00</u>	<u>\$ 1,346.73</u>	<u>\$ 53.27</u>
<u>ROAD MAINTENANCE</u>			
Road brining	\$	\$ 5,844.00	\$
Road maintenance		<u>202,559.65</u>	
Totals	<u>\$159,000.00</u>	<u>\$208,403.65</u>	<u>\$ (49,403.65)</u>
<u>SANITARY LANDFILL</u>			
Supplies	<u>\$ 1,100.00</u>	<u>\$</u>	<u>\$ 1,100.00</u>
<u>CULTURE AND RECREATION</u>	<u>\$</u>	<u>\$ 3,500.00</u>	<u>\$ (3,500.00)</u>
 <u>TOTAL EXPENDITURES</u>	 <u>\$375,305.00</u>	 <u>\$382,283.86</u>	 <u>\$ (6,978.86)</u>

See accompanying notes to financial statements.

JOHN A. RIGG
CERTIFIED PUBLIC ACCOUNTANT
4012 W. WACKERLY STREET
MIDLAND, MICHIGAN 48640-2298

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To the Honorable Members of the
Warren Township Board
Midland County, Michigan

COMMENTS AND RECOMMENDATIONS

In connection with my recently completed audit of the books and records of Warren Township, I have the following comments.

1. The books and records of the township were in poor condition. An attempt was made to maintain them on both a hand posted and computer generated form. Those maintained on a hand posted form were only showing final numbers but no support as to the source of the numbers. Those computer generated were a combination of cash basis and accrual basis. Thus, many numbers generated were inaccurate and inconsistent and not reliable.
2. By statute, budgets are required to be amended when it is known that a 10% variance exists. This was not done. Budgets are required for all funds and this was not done for any fund other than the general fund.
3. The books of Warren Township were never closed for the year ended March 31, 2005. As a result, much unnecessary work was required.
4. Payroll summaries were never matched to general ledger numbers and the payroll tax returns were not prepared using reconciled numbers. Thus, correspondence was received from the Social Security Administration requesting corrected information. This information has not been provided.
5. Payroll tax returns were not timely filed. As a result, the township has been assessed penalties of \$700 for the late filing. Returns filed were inaccurate and at March 31, 2006, the township overpaid the taxes by \$1,963.25. I will attempt to persuade Service to abate the penalties but this will be difficult because of the repeated late filing.
6. Pension funds were not withheld properly from township personnel resulting in amounts due from persons included in the plan. Pension funds were not remitted timely with the township underpaid at March 31, 2006, in the amount of \$5,333.10. By statute, these funds are required to be timely deposited. As a result of this, the plan administrator resigned and at this time it is not certain whether the township has a plan administrator.
7. An amount of \$2,500. was transferred from the cemetery fund and coupled with general funds in purchasing a certificate. This co-mingling of funds should not be done because of the extra work required in the allocation of earnings. The cemetery fund had adequate funds to purchase its own certificate.

Warren Township Board
Comments and Recommendations
March 7, 2007
Page 2.

8. The necessary information to complete the audit was not furnished on a timely basis causing the State of Michigan to issue a letter informing the township that its revenue sharing was being withheld. Audit reports are required to be filed by September 30, but the books and records were not available until September 11.
9. Audit time has more than doubled from the previous audit as a result of the above-mentioned conditions.
10. Amounts paid to board members as "per diem" are to be recorded in the same manner as other salaries and wages and are subject to social security, medicare and pension. These amounts were not included as part of the reports submitted to the Internal Revenue Service or pension plan. The amount of \$1,500. paid to the treasurer for summer tax collection was not submitted with pension plan records.
11. When the township elects to pay the medicare or social security for its officers, it must be documented in the minutes and must be added to the reported income of those persons.
12. Minutes were not properly maintained as many had no authorized signatures supporting them.
13. I recommend that my office assist in the closing of the books and in the correct maintenance of the township records.

I wish to thank the township personnel for their assistance in the completion of the audit.

Sincerely,



John A. Rigg
Certified Public Accountant

Midland, Michigan
March 7, 2007